

C. DUKES SCOTT
EXECUTIVE DIRECTOR

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DAN E. ARNETT
CHIEF OF STAFF

November 4, 2005

Charles L.A. Terreni, Esquire
Chief Clerk/Administrator
Public Service Commission of South Carolina
100 Executive Center Dr.
Columbia, South Carolina 29210

RE: Docket No. ^{2004-328-C}~~2005-328-C~~ – Application of Convergia, Inc. for a Certificate of Public Convenience and Necessity to Provide Intrastate Resold Telecommunications Services and for Alternative Regulation

Dear Mr. Terreni:

Enclosed for filing are the original and sixteen copies of the Settlement Agreement between the Applicant in the above referenced matter, Convergia, Inc., and the Office of Regulatory Staff ("ORS"). Please date stamp one copy and return it to us via our courier.

We have served same on the party of record and enclose a Certificate of Service to that effect.

Please let me know if you have any questions concerning this matter.

Sincerely,

Wendy B. Cartledge

Wendy B. Cartledge
Office of the Regulatory Staff

WBCpjm
Enclosures

cc: Bonnie D. Shealy, Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2004-328-C

October 25, 2005

RECEIVED
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GENERAL
COUNSEL'S OFFICE

In Re:

Application of Convergia, Inc. for a)
Certificate of Public Convenience and)
Necessity to Provide Intrastate Resold)
Telecommunications Services and for)
Alternative Regulation)
_____)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Convergia, Inc., ("Convergia" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on November 17, 2004, Convergia filed its application requesting a Certificate of Public Convenience and Necessity to provide non-facilities based interexchange telecommunications and data services and requested alternative regulation pursuant to Orders No.95-1734 and 96-55 in Docket No. 95-661-C and as modified by Order No. 2001-997 in Docket No. 2000-407-C;

WHEREAS, on March 11, 2005, the Public Service Commission of South Carolina ("the Commission") scheduled this matter to be heard before a Hearing Examiner on June 23, 2005;

WHEREAS, on May 20, 2005, Convergia pre-filed testimony of Peter Blagojevic including one exhibit with the Commission;

WHEREAS, on May 31, 2005, Convergia pre-filed a Supplemental Exhibit 2 to Mr. Blagojevic's testimony;

WHEREAS, on June 15, 2005, Convergia requested a continuance of the hearing and permission to pre-file testimony for a second witness;

WHEREAS, on June 21, 2005, the Commission scheduled this matter for hearing on October 3, 2005;

WHEREAS, on August 4, 2005, Convergia pre-filed testimony of Maximo Aybar;

WHEREAS, on August 25, 2005, Convergia requested a second continuance of the hearing;

WHEREAS, on August 31, 2005, the Public Service Commission of South Carolina (the "Commission") scheduled this matter to be heard before a Hearing Examiner on November 7, 2005;

WHEREAS, the purpose of this proceeding is to review the application filed by Convergia and its request for a Certificate of Public Convenience and Necessity to provide resold intrastate interexchange communications services and for modified alternative regulation for certain interexchange services;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the Application and the financial data provided by the Company and its parent, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by Convergia and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by Convergia;

WHEREAS, as a result of its investigations, ORS has determined a) Convergia intends to offer residential and commercial interexchange telecommunications service as well as other value-added interexchange and data services; b) the officers of Convergia possess sufficient technical and managerial abilities to adequately provide the services applied for; c) based upon the information provided and the analysis performed, Convergia, through its parent, Telsocomm Investments, Inc. ("Telsocomm"), appears to have access to sufficient financial resources necessary to provide the services proposed in its application; d) certain revisions should be made to Convergia's proposed tariffs in order to comply with Commission statutes and regulations; e) the services provided by Convergia will meet the service standards required by the Commission; f) the provision of services by the Company will not adversely impact the availability of affordable telecommunications services; g) to the extent it is required to do so by the Commission, Convergia will participate in the support of universally available telephone service at affordable rates; and h) the provision of interexchange and data services by Convergia will not adversely impact the public interest;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree that Convergia's Application and exhibits to the Application are incorporated into this Settlement Agreement and made a part hereof;
- 2) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony and exhibits of Convergia Witnesses Peter Blagojevic and Maximo Aybar without cross-examination by ORS;
- 3) Convergia agrees to submit into the record before the Commission revised tariffs in accordance with ORS recommendations as set forth in Exhibit 1 to this Settlement Agreement and incorporated herein;
- 4) Convergia agrees to submit into the record before the Commission the letter and attached financial data provided by Telsocomm to ORS on October 25, 2005, (included in this Settlement Agreement as Exhibit 2);
- 5) Convergia agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, Convergia agrees to adhere to the Federal Communication Commission rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of

the freeze be a separate or easily separable document. Prior to abandonment of service, Convergia shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

- 6) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide resold interexchange telecommunications services within the state of South Carolina;
- 7) ORS does not oppose the Company's request for waiver of 26 S.C. Code Ann. Regs. 103-610 (location of records and reports) and of any Commission policy or rule requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA");
- 8) ORS does not oppose the Company's request that all of its telecommunications offerings be regulated as described in its application pursuant to the procedures set out in Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C;
- 9) Convergia agrees to resell the services of only those interexchange carriers authorized to do business in South Carolina by the Commission. Convergia agrees to notify ORS and the Commission, in writing, if the Company changes underlying carriers;
- 10) Convergia agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

- 11) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting;
- 12) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

- 13) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

- 14) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.
- 15) This Settlement Agreement shall be interpreted according to South Carolina law.
- 16) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

WE AGREE:

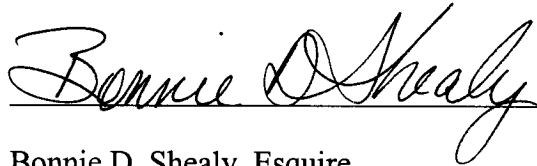
Representing the Office of Regulatory Staff



Wendy B. Cartledge, Esquire
Office of Regulatory Staff
Post Office Box 11263
1441 Main Street (Suite 300)
Columbia, SC 29211
Phone: (803) 737-0803
Fax: (803) 737-0800
Email: lhammon@regstaff.sc.gov

WE AGREE:

Representing Convergia, Inc.



Bonnie D. Shealy, Esquire
Robinson, McFadden & Moore, P.C.
1901 Main Street, Suite 1200
Post Office Box 944
Columbia, South Carolina 29202
Phone: (803) 227-1102
Fax: (803) 744-1551
Email: bshealy@robinsonlaw.com

Convergia, Inc. Docket No. 2004-328-C Tariff Review & Revisions
Exhibit E –Proposed Tariff
South Carolina PSC Tariff No. 1

Check Sheet – Original Sheet No. 1 – Suggest modifying Check Sheet to include an entry for all pages within the tariff

Convergia will modify the check sheet to include entries for all pages within the tariff.

Table of Contents – Original Sheets No. 2 and No. 3 are not properly aligned with the Tariff Sections. (Specifically “ when in fact is in Section 4. The Sheet Number for such is correct.

Convergia will correct the typographical error.

Section 1 – Technical Terms And Abbreviations- Original Sheets 7 and 8 – Suggest including an entry for the “Office of Regulatory Staff (ORS)”

Convergia will add an entry for ORS.

Section 2- Rules and Regulations

2.1- Undertaking of the Company

2.1.6 –Original Sheet No. 9 – “Request for service under this Tariff will The Company reserves the right to refuse service or nonpayment by the Customer. Suggest modifying the language to state “Request for service under this Tariff will authorize the Company to conduct an investigation of the customer’s payment history with a Utility Company as outlined in the Commission’s Rules and Regulations in R103-621 (A) 1, 2, 3, 4. The Company may refuse service on the basis of indebtedness or payment history as stated in the aforementioned section. Furthermore, the Company may refuse service for criteria outlined in the Commission’s Rules and Regulations under R103-625.”

Convergia will revise the language as suggested above.

2.4 – Liability of the Company

2.4.9 – Original Sheet No. 14 – “The Company shall not be liable for damages or adjustments, refunds, or cancellation of charges unless the Customer has notified the Company of any dispute concerning charges, or the basis of any claim of damages, after the invoice is rendered by the Company for the call giving rise to such dispute or claim, unless ordered by the Commission pursuant to South Carolina law.

[REDACTED] Any such notice must set forth sufficient facts to provide the Company with a reasonable basis upon which to evaluate the Customer's claim or demands." **Suggest removal of the reference requiring claims by the customer to be made within 30 days. In Section R103-623 of the Commission's Rules and Regulations, the issue of undercharges and overcharges is addressed. Appropriate language pertaining to billing disputes to protect both the Company and the Customer might reference the aforementioned section.**
Convergia, Inc. Docket No. 2004-328-C Tariff Review Page 2 (Rogers)

Convergia will revise the language as suggested above.

2.10 – Payments and Billing

2.10.3 – Original Sheet 17 – “Billing is payable via check, wire transfer, credit card or automatic bank debit upon receipt and past due thirty (30) days after issuance and posting of invoice. [REDACTED]


[REDACTED] Switched Access Customers who request electronic bills will incur no monthly recurring fee. Late payment charges may be applied, pursuant to South Carolina Public Service Commission reg. 103-622.2, which provides that a maximum of one and one-half (1.5) percent may be added to any unpaid balance brought forward from the previous billing date to cover the cost of collection and carrying accounts in arrears, which charge is set forth in [REDACTED]
Suggest adding language which states that when the Company has an applicant for service; the paper billing fee provision is clearly disclosed. Additionally, there are two references to material being located in Section 5 of the Tariff. It appears that this is located in Section 4 and Addendum A.

Convergia will add the language suggested above and correct the typographical error.

2.10.4 – Original Sheet 18 – “Return check charges may be applied in an amount not to exceed that allowed by applicable state law, as contained in South Carolina Code Section 34-11-70. Such charge is set forth in [REDACTED].”**The Return Check Charges are shown to be found in Section 5. The charges are located in Section 4 and Addendum A.**

Convergia will correct the typographical error..


2.10.6 - Original Page 18 and 19 - “ In the case of a dispute between the Customer and the Company for service furnished to the Customer, which cannot be settled with mutual satisfaction, the Customer can take the following course of action:. (A) First, the Customer may request, and the Company will perform, an in depth review of the disputed amount. The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnection [REDACTED]


“Suggest removing the PSC information and inserting language stating that unresolved disputes may be filed with the “Office of Regulatory Staff (ORS)” and provide the address and telephone numbers for the Consumer Services Department of ORS: (contd on Page 3)

Office of Regulatory Staff
Consumer Services Department
P.O. Box 11263
Columbia, SC 29201
Telephone Number – 803-737-5230
Toll Free Number – 1-800-922-1531
Fax Number 803-737-4750

Convergia will add the language suggested above.

Section 3- Description of Service

3.4 – Promotions - Original Sheet 26 – “The Company may, from time to time, engage in special promotions of new or existing Service offerings of limited duration designed to attract new Customers or to increase existing Customer awareness of a particular offering. The promotional offerings are subject to the availability of the Services and may be limited to a specific geographical area or to a subset of a specific market group. The Company will  of promotions pursuant to the Commission’s regulations”. Suggest inserting language stating: “notify the Commission and ORS”.

Convergia will add the language suggested above.

Section 4 - Maximum Rates For Residential and Business Service

There appears to be problems with some of the calculations of the rates in the Price List and on one Plan the prices exceed the maximum rate which is published in the tariff. Additionally, the disparity in rates for Plans A/B and C may be construed as rate deaveraging scenario. Suggest that the Company give consideration to making rates consistent statewide for the various plans being proposed. On pages 31 through 34, the Company has a three tier listing of local exchange territories in which they apparently plan to offer service. After review of the Tier C schedule, no South Carolina Local Exchange territories are identified. On Page 4 of this Tariff Review, a table will be provided showing the referenced schedules.

Suggest that the Company bifurcate the applicable residential and business offerings to allow for competitive movement of rates with Alternative Regulation provisions.

Convergia will reformat its maximum rates and current price lists so that there are separate listings for residential and business offerings. The company intends to make its rates consistent statewide by offering one plan for each of the services being proposed. Since the plans will not be determined by the customer's location, Section 5 will be deleted. Following is a list of the new rate plans which will replace Sections 4.1.1, 4.1.2, and Addendum A, sections 1.1.1 and 1.1.2:

4.1.1- Switched or Dedicated One Plus Service Rates – Maximum Residential Rates – Original Pages 27 and 28

Plan	Maximum PMR	Int. 30 Sec	Add. 6 Sec
	.28	.14	.028

4.1.2- Switched or Dedicated Toll Free Service Rates – Maximum Residential Rates – Original Pages 28 and 29

Plan	Maximum PMR	Int. 30 Sec	Add. 6 Sec
	.28	.14	.028

Addendum A –Price List For Residential and Business Services – Effective Rate Schedule –Price List S.C. Tariff No. 1

1.1.1- Switched or Dedicated One Plus Service Rates-Original Sheets 1 and 2

1.1.1.A Residential Rates

Plan	PMR	Initial 30 Sec	Add. 6 Sec
	.14	.07	.014

1.1.1.B Business Rates

Plan	PMR	Initail 30 Sec	Add. 6 Sec
	.14	.07	.014

1.1.2 - Switched or Dedicated Toll Free Services Rates –Original Sheets 2 and 3

1.1.2.A Residential Rates

Plan	PMR	Initial 30 Sec	Add. 6 Sec
	.14	.07	.014

1.1.2.B Business Rates

Plan	PMR	Initial 30 Sec	Add. 6 Sec
	.14	.07	.014

Telsocomm Investments Inc.

Montreal, October 20, 2005

**Public Service Commission
Of South Carolina
Docketing Department**

REF: DOCKET NO. 2004-328-C

To Whom It May Concern:

We contact you on behalf of Telsocomm Investments Inc., parent company of Convergia Inc., who has filed with the Public Service Commission of South Carolina an Application for a Certificate of Public Convenience and Necessity to provide non-facilities based interexchange long distance telecommunications services within the State of South Carolina.

Regarding the aforementioned application, we would like to give you notice of our intention to provide the necessary funds to provide such services. These funds will be provided by Telsocomm Investments Inc., company incorporated under the laws of the British Virgin Islands.

Please find enclosed a copy of the seven-month period unaudited non-consolidated financial statements for Telsocomm Investments Inc. for the period ending September 30, 2005.

Thank you for your attention.

Sincerely,



Steve Roussos, C.A., C.F.E.
Chief Financial Officer
Telsocomm Investments Inc.

Telsocomm Investments Inc.

Non -Consolidated Financial Statements

For the nine-months period ended September 30, 2005

Telsocomm Investments Inc.

Non-Consolidated Financial Statements

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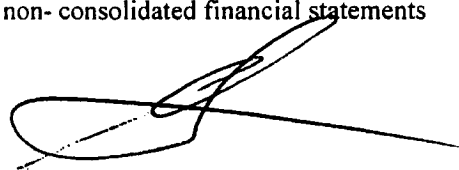
TELSOCOMM INVESTMENTS INC.

Non-Consolidated Balance Sheets

(All amounts are expressed in US\$)

	<u>2005</u>
Assets	
Currents Assets	
Cash and Short-term investments (Note 2)	5,851,752
	<u>5,851,752</u>
Total Current Asset	5,851,752
Due from affiliated Companies	245,900
Long Term Investments	614,740
Other assets	<u>290,502</u>
Total Assets	<u><u>7,002,894</u></u>
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	735,884
	<u>735,884</u>
Total current liabilities	735,884
Due to affiliated companies	2,417,603
	<u>3,153,487</u>
Total Liabilities	<u><u>3,153,487</u></u>
Shareholder's equity	
Common stock at par value (note 3)	1,000
Contributed Surplus	3,999,000
Deficit	<u>(150,593)</u>
Total Shareholder's equity	<u><u>3,849,407</u></u>
	<u><u>7,002,894</u></u>

The accompanying notes are an integral part of these
non- consolidated financial statements



Maximo Aybar, MBA
Senior Corporate Accountant

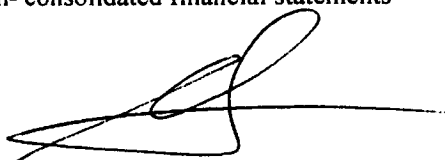
TELSOCOMM INVESTMENTS INC.

Non-Consolidated Statements of Operations and Deficit

(All amounts are expressed in US\$)

For the Year ended December 31,	<u>2005</u>
Net Revenue	
Other Operating Revenue	-
Expenses	
Professional fees	824
Bank Charges	370
Interest Expense	<u>2,812</u>
	4,006
Loss before income taxes	<u>(4,006)</u>
Provision for income taxes	
Net Loss	<u><u>(4,006)</u></u>
Deficit, Beginning of year	(146,587)
Net loss	<u>(4,006)</u>
Deficit, end of year	<u><u>(150,593)</u></u>

The accompanying notes are an integral part of these
non- consolidated financial statements



Maximo Aybar, MBA
Senior Corporate Accountant

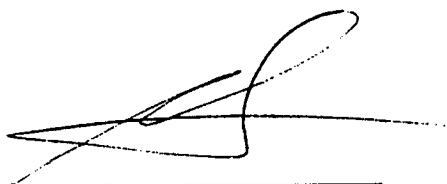
TELSOCOMM INVESTMENTS INC.

Non-Consolidated Statement of Cash Flows

(All amounts are expressed in US\$)

	<u>2005</u>
Net Income (Loss)	(4,006)
Cash Flows from Operating activities	
Net Changes in non-cash working Capital Items	
Increase (decrease) Accounts Payable and Accrued Liabilities	<u>0</u>
Net Cash provide by (used in) operating activities	<u>(4,006)</u>
Cash Flows from Investing activities	
(Increase) decrease in other long term assets	-
(Increase) decrease in due from affiliates	120,500
(Decrease) Increase in due to affiliates	1,285,625
(Increase) decrease in long-term investments	<u>(371,801)</u>
Net cash used in investing activities	<u>1,034,324</u>
Cash flows from Financing activities	
Changes in Contributed surplus	<u>-</u>
Net Cash Provide by financing activities	<u>-</u>
Net increase in cash and cash equivalents	1,030,318
Cash and Short-term investments, beginning of year	<u>4,821,434</u>
Cash and Short-term investments, end of year	<u><u>5,851,752</u></u>

The accompanying notes are an integral part of these non- consolidated financial statements



Maximo Aybar, MBA
Senior Corporate Accountant

Telsocomm Investments Inc.

Notes to Non-Consolidated Financial Statements

(All amounts are expressed in United States Dollars)

Nature of the business:

The company is a holding company of investments in significantly influenced companies and wholly-owned subsidiaries. The Company was incorporated on March 18, 1999 as an International Business Company under the laws of the British Virgin Islands. The Company has no direct employees.

Note 1. Significant accounting policies

Basis of presentation: These non-consolidated financial statements are in accordance with International Accounting Standards, except that they are prepared on a non-consolidated basis. The Company's transactions are in U.S. dollars and, therefore, the currency of measurement and reporting currency used for these non-consolidated financial statements is the U.S. dollar.

Accounting estimates: The preparation of financial statements in accordance with International Accounting Standards requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from Estimates.

Long-term investments: Investments in significantly influenced companies and wholly-owned subsidiaries have been accounted for by the cost method. The accounts of the Company and its subsidiaries have not been consolidated in these financial statements because the shareholders of the companies have access to all pertinent information concerning the resources and results of operations of the group. Other readers (users) may require additional information.

Financial Instruments: The carrying amounts reported in the balance sheets for cash and cash equivalents approximate their fair values.

Cash equivalents: Cash equivalents are defined as highly liquid investments with maturities of three months or less at the date of purchase.

Due to and due from affiliated companies: The amounts due to and due from affiliated companies are non-interest bearing advances with no specific terms of repayment.

Note 2: Cash and cash equivalents

Cash and Short-term investments include investments of excess funds in a U.S. Dollar certificate of deposit maturing on a weekly basis and short-term investments in publicly traded shares of affiliate companies. The Balance of the investment at September 30, 2005 was US\$ 5,851,752.

Note 3 Common Stock

Common stock is summarized as follows:

Authorized capital:

The authorized common stock of the Company consists of 5,000,000 (1999-125,000) common shares with a par value of \$0.01 (1999- \$1.00)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005-328-C

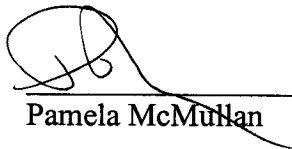
IN RE:

Application of Convergia, Inc.)
For a Certificate of Public)
Convenience and Necessity to Provide)
Intrastate Resold Telecommunications)
Services and for Alternative)
Regulation)
_____)

CERTIFICATE OF SERVICE

This is to certify that I, Pamela McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Bonnie D. Shealy, Esquire
Robinson, McFadden & Moore, P.C.
Post Office Box 944
Columbia, SC 29202



Pamela McMullan

November 4, 2005
Columbia, South Carolina